

Message Text

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PASS TREASURY FOR OASIA AND COMPTROLLER OF THE CURRENCY,
L'ENFANT PLAZA; PASS FRB

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: EXTRACT FROM "LA REPUBBLICA" INTERVIEW WITH OSSOLA RE
COMPTROLLER OF THE CURRENCY ISSUE

1. FOLLOWING IS EXTRACT FROM "LA REPUBBLICA" ARTICLE OF
JANUARY 22 CONTAINING INTERVIEW WITH BANK OF ITALY DIRECTOR
GENERAL OSSOLA ON CURRENT CURRENCY CRISIS INsofar AS IT
CONCERNS ROLE OF U.S. COMPTROLLER OF THE CURRENCY.

BEGIN QUOTE

2. QUESTION: WHAT THEN HAS BEEN THE CAUSE OF THE OUTFLOW
OF FUNDS IN JANUARY? IS IT RELATED TO THE RESIGNATION OF
THE GOVERNMENT?

ANSWER: OUR EXPERIENCE FOR MANY YEARS AND, THEREFORE, IN
MANY GOVERNMENT CRISES, TEACHES US THAT CABINET CHANGES
ALWAYS FEED SPECULATION TO A GREATER OR LESSER EXTENT. IN
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THE PRESENT CASE, HOWEVER, THE DIMENSIONS OF SPECULATION HAVE

BEEN VERY LARGE BECAUSE THE CRISIS OCCURRED CONCURRENTLY WITH ANOTHER EVENT, I.E., THE POSITION TAKEN BY AN ORGAN OF THE AMERICAN GOVERNMENT, WHICH HAS CREATED AN ATMOSPHERE OF UNCERTAINTY REGARDING THE INTERNATIONAL FINANCIAL CREDIT-WORTHINESS OF ITALY.

3. QUESTION: WHAT ARE YOU REFERRING TO, DR. OSSOLA?

ANSWER: I AM REFERRING TO THE ACTION OF THE COMPTROLLER OF THE CURRENCY, WHICH IS A FEDERAL SUPERVISORY ORGAN OVER THE AMERICAN BANKING SYSTEM. THE COMPTROLLER OF THE CURRENCY BELIEVES THAT THE VARIOUS LOANS MADE IN RECENT YEARS BY AMERICAN BANKS TO ITALIAN BANKS AND OTHER ENTITIES GUARANTEED BY THE STATE SHOULD, IN REALITY, BE CONSIDERED AS LOANS TO A SINGLE DEBTOR, I.E., TO THE ITALIAN GOVERNMENT. SINCE AMERICAN BANKS MAY NOT LEND SUMS OVER A CERTAIN LIMIT TO A SINGLE DEBTOR, THE COMPTROLLER HAS WARNED THEM TO DESIST. BY THE WAY, IT WAS YOUR NEWSPAPER WHICH PUBLISHED THIS NEWS A FEW DAYS AGO.

4. QUESTION: DR. OSSOLA, DO YOU BELIEVE THAT THE ACTION OF THE COMPTROLLER OF THE CURRENCY WAS MOTIVATED BY POLITICAL CONSIDERATIONS?

ANSWER: IN WHAT SENSE?

QUESTION: FOR EXAMPLE, IN THE SENSE THAT IT WAS PROVOKED BY A DESIRE IN CERTAIN AMERICAN CIRCLES TO INTERFERE IN THE SOLUTION OF ITALY'S POLITICAL CRISIS.

ANSWER: GOOD HEAVENS, I NEVER THOUGHT SUCH A THING. THE COMPTROLLER OF THE CURRENCY HAS ONLY DONE HIS DUTY AND CARRIED OUT HIS RESPONSIBILITIES IN APPLYING CURRENT REGULATIONS IN THE UNITED STATES EVEN IF, IN THIS CASE, HIS INTERPRETATIONS MAY SEEM RATHER DOUBTFUL. IN ANY CASE, IT IS CERTAINLY NOT OUR BUSINESS TO SAY WHAT THE EXACT INTERPRETATION OF A CURRENT REGULATION IN ANOTHER COUNTRY OUGHT TO BE. IF THERE IS ANYTHING WHICH WE REGRET, IT IS NOT THE ACTION OF THE AMERICAN SUPERVISORY BODY BUT THE FACT THAT SUCH ACTION HAS BEEN MADE PUBLIC BY THAT BODY.

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